



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 318

WEDNESDAY, FEBRUARY 26, 2014

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE April 2, 2014
4:23pm

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

1 AN ACT relating to military affairs and declaring an emergency.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
4 READ AS FOLLOWS:

5 *The Bluegrass Station Division exists to support, retain, and attract primarily defense*
6 *and homeland security agencies, contractors, and associated and compatible*
7 *operations, including the jobs which they bring to Kentucky. Agency contracts, leases,*
8 *and accounting procedures may additionally reflect the needs of these customers.*
9 *Bluegrass Station Division shall be headed by a director experienced with federal*
10 *contracts, construction, and installation operations, and maintenance funding*
11 *requirements.*

12 ➔Section 2. KRS 56.820 is amended to read as follows:

13 (1) This section shall apply when the built-to-suit process involves the construction of a
14 building on state-owned land.

15 (2) Upon the execution of a lease awarded under this section, the Commonwealth shall
16 convey to the individual or firm to whom such lease has been awarded, in fee
17 simple with covenant of general warranty of title, the real estate upon which the
18 building is to be constructed under this lease. The lease shall provide for an initial
19 lease term commencing on the date the building is accepted for occupancy by the
20 Commonwealth, but not later than thirty (30) days after the owner's architect has
21 certified that construction of the building has been completed, and ending June 30
22 of the second year of the then current fiscal biennium of the Commonwealth, with
23 an option in the Commonwealth, as lessee, to extend the term of the lease for a term
24 of two (2) years from the expiration of the original term of the lease and for two (2)
25 years from the expiration of each extended term of the lease, until the original term
26 of the lease has been extended for a total number of years to be agreed upon by the
27 parties at a rental which, if paid for the original term and for each of the full number

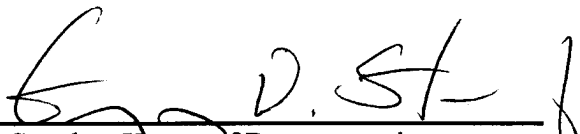
1 of years for which the term of the lease may be extended, will amortize the total
 2 cost of the erection of the building and appurtenances. The rent shall be paid at such
 3 times as the parties to the lease agreed upon. The lease shall provide that the lessee
 4 may, at the expiration of the original or any extended term, purchase the leased
 5 premises at a stated price, which shall be the balance of the total cost of erection of
 6 the building and appurtenances not amortized by the payments of rent previously
 7 made by the lessee. The lease shall provide that in the event of the exercise of the
 8 option to purchase the leased premises or in the event the lease has been extended
 9 for the full number of years which it is agreed the same may be extended, and all
 10 rents and payments provided for in the lease have been made, the lessor shall
 11 convey the premises to the lessee in fee simple with covenant of general warranty of
 12 title. The lease may provide that the lessee shall, as additional rent for the leased
 13 premises, pay all taxes assessed against the leased premises, and the cost of insuring
 14 the building erected thereon against loss or damage by fire and windstorm in such
 15 sum as may be agreed by the parties thereto.

16 (3) For buildings located in Fayette County, the commissioner of the Department for
 17 Facilities Management on behalf of the Department for Military Affairs may award
 18 a built-to-suit lease for built-to-suit projects without the conveyance of title required
 19 in subsection (2) of this section. Any lease agreement under this subsection shall be
 20 awarded in accordance with the provisions of KRS Chapter 45A. The provisions of
 21 KRS 56.8163, 56.8165, 56.8167, 56.8169, 56.8171, and 56.8173 shall not apply to
 22 built-to-suit leases awarded under this subsection. Any lease agreement established
 23 under this subsection shall provide that title to all improvements shall vest in the
 24 Commonwealth upon completion of the term of the lease.


25 (4) For buildings located in Fayette County, procured pursuant to this section and
 26 leased from the Commonwealth by an agency of the federal government, the
 27 following provisions shall apply:

- 1 (a) Notwithstanding KRS 56.813(2) to the contrary, the secretary of the
2 Finance and Administration Cabinet, on behalf of the Department of
3 Military Affairs, may approve modifications to existing buildings if the
4 source of the payments by the Department of Military Affairs for the
5 improvements are made through an agreement with an agency of the
6 United States government, or through an increase in the term of the lease,
7 provided that the improvements are procured by the Department of Military
8 Affairs pursuant to the provisions of KRS Chapter 45A; and
9 (b) Any lease modification approved by the secretary of the Finance and
10 Administration Cabinet pursuant to this subsection shall be reported by the
11 cabinet to the Legislative Research Commission for referral to an
12 appropriate legislative committee within thirty (30) days of the execution of
13 the lease modification.


14 ➔Section 3. Whereas certain federally occupied facilities may need to be
15 immediately modified to meet changing world wide and homeland security conditions, an
16 emergency is declared to exist, and this Act takes effect upon its passage and approval by
17 the Governor or upon its otherwise becoming a law.




Speaker-House of Representatives



President of Senate

Attest: 

Chief Clerk of House of Representatives

Approved 

Governor

Date 4/2/14